SURPASS

CHEMICALS

LIMITED

36 UPTON RD., SCARBOROUGH, ONTARIO
M1L 2B9

INTERIM REPORT

6

MONTHS ENDED

JUNE 30, 1977

Sales . . . . . .
Cost of goods sold, selling and administr
Operating profit before undernoted item
Depreciation . . . . . .
Interest on term bank loan . . . . . .

Income before income taxes . . . . . .
Income taxes
Current . . . . . .
Deferred (reduction) . . . . . .

Net income for the period . . . . . .

Earnings per share . . . . . .

UNAUDI

Working capital derived from
Operations
Net income . . . . . .
Items not involving working c
Depreciation . . . . . .
Deferred income taxes . .

Working capital applied to
Additions to fixed assets . . . . . .
Decrease in non-current portion of te
Dividend paid . . . . . .

Increase (Decrease) in working capital . .
Working capital at beginning of period .
Working capital at end of period . . . . .

SURPASS CHEMICALS LIMITED

UNAUDITED STATEMENT OF INCOME

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	1977	1976	1977	1976
	$2,509,843	$1,825,035	$3,853,889	$3,476,392
expenses	2,124,269	1,620,589	3,246,097	3,089,307
	385,574	204,446	607,792	387,085
	51,990	39,285	103,980	78,570
	6,333	9,689	13,265	19,767
	58,323	48,974	117,245	98,337
	327,251	155,472	490,547	288,748
	109,582	73,460	156,264	73,460
	21,689	(23,757)	37,527	32,219
	131,271	49,703	193,791	105,679
	$ 195,980	$ 105,769	$ 296,756	$ 183,069
	25.6¢	13.8¢	38.8¢	23.9¢

STATEMENT OF CHANGES IN FINANCIAL POSITION

	SIX MONTHS ENDED JUNE 30	
	1977	1976
	$ 296,756	$ 183,069
l		
	103,980	78,570
	37,527	32,219
	438,263	293,858
	115,983	261,182
ank loan	50,000	50,000
	38,243	38,243
	204,226	349,425
	234,037	(55,567)
	860,694	1,156,383
	$1,094,731	$1,100,816

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Dear Shareholder:

It is a pleasure to report the unaudited results of operations for the second quarter and first six months of 1977 with comparative 1976 figures.

Sales for the second quarter were at record high levels reflecting the usual spring overseas shipments, as well as an outstanding production performance from our manufacturing plants and personnel. More importantly, profitability was greatly improved over last year. This is due primarily to the more favourable dollar exchange rates in effect this year. Higher production efficiency, however, was also a contributing factor.

It can be seen from the statement of changes in financial position, that the unusually high earnings contribution together with retrenchment in our capital expenditures program has enabled working capital to be built up to a more satisfactory level and reduced bank borrowing. It is expected that this policy will continue for the near term.

The outlook for sales and income during the balance of this year is bright, especially in the overseas market. Assuming a continuing discount on the Canadian dollar of five to seven percent, we can predict an outstanding result for 1977.

Very truly yours,

Surpass Chemicals Limited,

F. W. EVANS,
President.

Toronto, Ontario,
August 12, 1977.

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